

# CMS Manual System

## Pub 100-04 Medicare Claims Processing

Transmittal 618

Department of Health &  
Human Services  
Centers for Medicare and  
&  
Medicaid Services

Date: JULY 22, 2005

Change Request 3772

**SUBJECT: Clarification for Carriers and Durable Medical Equipment Regional Carriers (DMERCs) about Correction and Recoupment of Previously Processed Claims**

**I. SUMMARY OF CHANGES:** This One Time Notification contains clarification for carriers and durable Medical Equipment Regional Carriers (DMERCS) about correction and recoupment of previously paid claims.

**NEW/REVISED MATERIAL :**

**EFFECTIVE DATE : January 01, 2006**

**IMPLEMENTATION DATE : January 03, 2006**

*Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.*

**II. CHANGES IN MANUAL INSTRUCTIONS:** (N/A if manual is not updated)

R = REVISED, N = NEW, D = DELETED – *Only One Per Row.*

R/N/D	Chapter / Section / SubSection / Title
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### III. FUNDING:

No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2006 operating budgets.

### IV. ATTACHMENTS:

One-Time Notification

*\*Unless otherwise specified, the effective date is the date of service.*

# Attachment – One-Time Notification

Pub. 100-04	Transmittal: 618	Date: July 22, 2005	Change Request 3772
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**SUBJECT: Clarification for Carriers and Durable Medical Equipment Regional Carriers (DMERCs) about Correction and Recoupment of Payments for Previously Processed Claims**

## I. GENERAL INFORMATION

**A. Background:** This One Time Notification provides clarification about correction and recoupment of payments from providers for previously processed claims.

Change Request (CR) 1523 required that carriers and DMERCs perform a full claim adjustment whenever an adjustment is processed for a previously adjudicated claim. Whether the recoupment is for MSP or non-MSP claims, this CR reiterates the previous instruction of doing a full claim adjustment when money is recouped from providers under all situations. In the past contractors were facing some problems doing full claim adjustment because of some system limitations with Multi Carrier System (MCS) and Common Working File (CWF). Those issues have been addressed. With the introduction of Healthcare Integrated General Ledger Accounting System (HIGLAS), which is a Commercial Off the Shelf (COTS) product, full claim adjustment as per the Health Insurance Portability and Accountability Act (HIPAA) standard Implementation Guide (ASC X12 transaction 835 version 4010A1) is required. If money needs to be recouped, the previous payment is negated, and a new payment is recognized if payment is being reduced, and an accounts receivable is created in the amount that was overpaid. If there is no payment due, the previous payment is reversed, and an accounts receivable is created in the same amount.

If the provider is sent a demand letter identifying the claim, the overpayment amount, and how long the provider has to return the overpaid amount, the letter must include a Financial Control Number (FCN) for tracking purposes. If no check is received within the specified time, the overpaid amount must be recovered through a future 835. This is accomplished using the PLB segment. Use code WO (Overpayment Recovery) in field PLB03-1 to reduce the total payment by the overpaid amount, and include the FCN in PLB03-2.

The accounts receivable is offset when a check is received, or when the money is recouped through a future 835. Refer to CR 3274 (published on July 30, 2004) for handling any unsolicited/voluntary refund.

**B. Policy:** When it is necessary to adjust a previously processed claim, a full claim adjustment must be performed according to ASC X12 835 version 4010A1.

## II. BUSINESS REQUIREMENTS

*"Shall" denotes a mandatory requirement*

*"Should" denotes an optional requirement*

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
3772.1	By January 3, 2006, carriers, DMERCs and their shared system maintainers shall use full claim adjustment for recoupment of an overpayment from providers for previously paid MSP and non-MSP claims.			X	X		X	X		

### III. PROVIDER EDUCATION

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
3772.1	A provider education article related to this instruction will be available at <a href="http://www.cms.hhs.gov/medlearn/matters">www.cms.hhs.gov/medlearn/matters</a> shortly after the CR is released. You will receive notification of the article release via the established "MedLearn matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within 1 week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin and incorporated into any educational events on this topic. Contractors are free to supplement MedLearn Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.			X	X					

#### IV. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

**A. Other Instructions: N/A**

<b>X-Ref Requirement #</b>	<b>Instructions</b>

**B. Design Considerations: N/A**

<b>X-Ref Requirement #</b>	<b>Recommendation for Medicare System Requirements</b>

**C. Interfaces: N/A**

**D. Contractor Financial Reporting /Workload Impact: N/A**

**E. Dependencies: N/A**

**F. Testing Considerations: N/A**

#### V. SCHEDULE, CONTACTS, AND FUNDING

<b>Effective Date*: January 1, 2006</b>  <b>Implementation Date: January 3, 2006</b>  <b>Pre-Implementation Contact(s):</b> Sumita Sen, ssen@cms.hhs.gov 410-786-5755  <b>Post-Implementation Contact(s):</b> Sumita Sen, ssen@cms.hhs.gov 410-786-5755	<b>No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2006 operating budgets.</b>
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